From: Curtis Armor [mailto:carmor@shamrockbank.com]
Sent: Thursday, March 05, 2009 9:12 AM
To: Comments
Subject: Special Assessment

Sheila Blair
Chairman
Federal Deposit Insurance Corporation

Chairman Blair:

I am writing today to express my concern and disgust regarding the recent "special assessment" that will be assessed to community banks, not only in the state of Oklahoma, but nation wide. I completely understand that the FDIC is suppose to be funded by premiums paid by banks and not funded by tax payers, however, in the current circumstance I believe tax payer money will be funding a significant portion of the Deposit Insurance Fund.

As you well know most "community banks" have always run conservative shops that played under banking regulations and are subject to thorough oversight by bank regulators. By far the majority of these small banks have significant amounts of capital and most will weather this economic storm quite well. I work for a small bank in southern Oklahoma that serves 7 separate communities all with populations under 25,000. No one in our bank is anywhere close to "highly compensated" and we are "sharing the wealth" with our employees by being 70% employee owned through an ESOP. We have remained profitable and will remain so throughout 2009 in spite of the FDIC.

Regulations past on the spur of the moment to increase FDIC insurance coverage from $100,000 to $250,000 were not considered thoroughly. These changes were made specifically to help hold the liquidity of the large money center banks, not help community banks like ours. With the coverage increased, there were no changes made to the mandated reserve ratio. Now with banks failing, the increased coverage is costing significantly more than the old reserve ratio can cover.

Now our bank is being robbed to cover the shortages. We fully expected to cover the $250,000 increase in normal FDIC premiums. We have no problem with funding our fair share. However, now we have been assessed an additional premium that will cost our bank approximately $400,000 on top of the $250,000! The hardest part of this to swallow is the fact that the government is actually funding this increase through TARP funds. No matter how you slice it, the big banks who have problems will pay the largest amount by far and will be using capital added by the federal government to cover these premiums.

I know and understand that small banks will fail. I understand that we have to cover our share of the FDIC premiums. However, I believe that this one time assessment is "over and above". I am also very concerned that the FDIC has reserved the right to another special assessment of 10 basis points in any quarter if needed. I'm also concerned that the 1.15 reserve ratio is not being changed which will lead to more of these "special assessments".

I ask that you please consider the concerns of not only Shamrock Bank, but all community banks across this country and find a way for the large banks that create the "risk to the system" and are considered too big to fail pay for the problems they helped create.

Respectfully,

Curtis R. Armor
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